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**FORMER OWNER OF NEW ROCHELLE FORD PLEADS GUILTY TO FEDERAL
CHARGES OF TAX EVASION AND BANK FRAUD**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced today that JOSEPH VULTAGGIO, JR., the former owner of New Rochelle Ford in New Rochelle, New York, pled guilty in White Plains federal court today to charges of tax evasion and bank fraud. VULTAGGIO, 55, of White Plains, New York, admitted his guilt to both counts of a felony Information filed today.

With respect to the tax count, the Information, the Government's statements in court, and VULTAGGIO's admissions in the course of the plea established that during 1997, 1998 and 1999, while VULTAGGIO owned and ran New Rochelle Ford and other businesses, VULTAGGIO evaded his personal taxes by various means, including failing to file returns, causing his businesses not to report his income, causing his businesses to pay his personal expenses, causing his businesses and other businesses with which his businesses did business to make payments and transfer funds

to him and to his family members, and failing to maintain corporate books and records. As a result, VULTAGGIO evaded tax due on approximately \$340,000 in income, resulting in a federal tax loss of approximately \$68,000 and a state tax loss of approximately \$23,000.

With respect to the bank fraud count, the Information, the Government's statements in court, and VULTAGGIO's admissions in the course of the plea established that New Rochelle Ford ("NRF") had a vehicle financing agreement with Marine Midland Bank ("MMB") (now HSBC Bank) that provided, in substance and among other things, that MMB would lend NRF the funds necessary for NRF to purchase a vehicle from Ford Motor Company, that NRF would pay MMB interest only each month until the vehicle was sold, and that once NRF sold that vehicle to a customer, NRF was obligated to repay MMB the principal it had advanced for the particular vehicle. In late 1997 and 1998, VULTAGGIO launched a scheme to mislead MMB regarding the payment status of certain vehicles, in order to delay or conceal his obligation to repay MMB for vehicles MMB had financed. Rather than depositing the proceeds of vehicle sales into an MMB account, as required by NRF's agreement with MMB, VULTAGGIO opened an account at another bank and began depositing the proceeds of vehicle sales in that account, thus concealing them from MMB. In 1998, NRF sold approximately 15 Ford Crown Victorias to the City of White Plains to be used as police cars, and the City of White Plains paid for the cars in two installments in June 1998 and July 1998.

VULTAGGIO caused these payments to be deposited in the non-MMB account, of which MMB was unaware. The City's payments to NRF triggered NRF's obligation to repay MMB the funds MMB had advanced to NRF to finance NRF's purchase of those vehicles from Ford Motor Company, but VULTAGGIO, and NRF employees acting at his direction, falsely represented to MMB that NRF had not yet been paid for the vehicles, and provided MMB with false information, during MMB's periodic audits, regarding the status of the vehicles. In this fashion, NRF fraudulently retained approximately \$300,000 that it was obligated to remit to MMB, and deceived MMB into continuing to adhere to its agreement with NRF.

VULTAGGIO is scheduled to be sentenced on November 29, 2005 at 9:00 a.m. in White Plains federal court before United States District Judge STEPHEN C. ROBINSON.

VULTAGGIO faces maximum prison terms of 5 years on the tax evasion count and 30 years on the bank fraud count, along with fines of \$250 thousand and \$1 million. He agreed to make restitution to MMB for approximately \$2.7 million, which is the remaining balance that he owes to MMB on a civil judgment in excess of the \$9 million obtained by MMB after NRF went out of business in 1999.

Mr. KELLEY praised the Internal Revenue Service and Federal Bureau of Investigation for their efforts in this investigation.

Assistant United States Attorney CATHY SEIBEL is in
charge of the prosecution.

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